

## **FY/05 BUDGET SYNOPSIS**

The FY/05 Mayor's Proposed Budget reflects both Administration and Council priorities. An unusual level of cooperation between the Administration, Council members, staff and union leaders has been achieved in this year's preparation of the Financial and Performance Plans.

### **The Five-Year Forecast**

The Five-Year Forecast prepared in December 2003 estimated future revenues and expenditures for the General Fund and the subsidized funds for the present fiscal year, FY/04, and for FY/05 through FY/08.

The Five-Year Forecast projected the General Fund unreserved fund balance for the current fiscal year would be positive at \$17.4 million (plus \$2.2 million reserved from the IRB settlement) and recurring revenues would exceed recurring expenses by \$5.8 million. Much of this was due to the improvement in revenues in FY/03 and FY/04, and reversions created by the efforts by departments to reduce expenditures. In FY/05 the gap between General Fund recurring revenues and expenditures was projected to be \$14.7 million, producing an unreserved fund balance of negative \$10.1 million.

The \$10.1 million FY/05 projected gap had six major causes. First, the adopted recovery plans that worked well in FY/03 and FY/04 contained significant non-recurring portions. The suspension of a transfer to storm drainage projects provided General Fund capacity in FY/04, but had to be restored in FY/05. Positions frozen in prior years were filled and became recurring expenses in

FY/05. Fund balances from FY/03 and FY/04 move forward to FY/05, but are not recurring. FY/04 also contains increases in one-time revenue, such as the IRB settlement. Second, FY/05 expenditures were assumed to significantly increase with the opening of new facilities. The Five-Year Forecast estimated cost of operating CIP coming-on-line in FY/05 was \$15.5 million. This is an unusually large amount and was due in part from prior year's construction and opening delays as well as the need to purchase small capital items, such as furnishings. Third, the cost of the Administration's initiatives assumed in the forecast was \$4 million, primarily in the Cultural, Environmental Health, Planning and Legal departments. Fourth, "catch-up" expenditures were projected to increase to pay for positions coming off of grants, particularly in the Police Department, and to put police cruisers on a five year replacement schedule. Fifth, the increase in APD officers funded by the quarter cent public safety tax was assumed to be in excess of the 1,000 officer target for FY/05. Finally, there are several recurring costs that are growing faster than the rate of inflation, most notably employee healthcare and worker's compensation insurance.

## **Closing the Gap**

Budget hearings revealed several areas that could be reduced to close the \$10.1 million gap that had been forecast in December 2003. Analysis of actual data from February 14, 2004 revealed a General Fund vacancy rate of 7.75%, well above the FY/04 budgeted salary savings rate of 0.5%. The proposed FY/05 General Fund budget increases the salary savings rate to 3.5% for all departments except Fire, Police, Metropolitan Detention Center, Mayor, Chief Administrative Officer, Council Services, and Internal Audit which remain at 0.5% and Senior Affairs that is set at 1.5%. The increase in the salary savings rate created approximately \$4.4

million in additional capacity. The cost of operating CIP coming-on-line was dramatically reduced to \$7.8 million, creating a similar amount in savings from the Five-Year Forecast level. The operating grants transfer was \$505 thousand less than anticipated in the Five-Year Forecast. Finally, the additional \$5.6 million in General fund appropriations to bring the APD fleet onto a five-year replacement schedule as assumed in the Five-year Forecast was eliminated. The savings was sufficient to not only close the projected \$10.1 million FY/05 gap, but also to provide sufficient capacity to support raises for employees.

## Revenue and Expenditure Aggregates

The proposed budget is built on the assumption that available revenue will increase 8.23% over the level projected for FY/04 when the revisions to the current appropriation level were made. Expenditures in the proposed budget are 13.2% greater than the current appropriation level for FY/04. The growth in expenditures is supported by a large fund balance carried forward from FY/03. The available fund balance does not include expected reversions.

The large growth rate in both revenues and expenditures is primarily the result of the passage of the quarter cent public

safety tax. The new quarter cent GRT will be implemented July 1, 2004 and is expected to produce \$27.6 million in additional revenue dedicated to specific spending purposes. The underlying growth rates of revenue and expenditure are modest, with recurring revenue increasing at 2.4% and spending at 3.2%. Revenue from the new quarter cent tax is recurring and provides a basis for the final favorable balance in which recurring revenue exceed recurring expenditures by \$6.2 million. All capital expenditures are considered non-recurring.

Revenue and Expenditure Aggregates			
GENERAL FUND \$000s	PROPOSED BUDGET FY/05	\$ CHANGE From FY/04 REVISED	PCT CHANGE From FY/04 REVISED
<b>REVENUE</b>	393,083	29,893	8.23%
Total Recurring	390,397	36,228	10.23%
1/4 Cent	27,600	27,600	
Recurring minus 1/4 Cent	362,797	8,628	2.44%
Nonrecurring	2,686	(6,335)	
<b>EXPENDITURES</b>	403,790	47,065	13.19%
Total Recurring	384,227	35,772	10.27%
1/4 Cent	24,549	24,549	
Recurring minus 1/4 Cent	359,678	11,223	3.22%
Nonrecurring	19,563	11,293	
<b>RECURRING REVENUE – RECURRING EXPENDITURE</b>	<b>6,170</b>		

### Significant Spending Initiatives

Departments requested over \$62.7 million for new and expanded programs in FY/05. The proposed budget increases expenditures \$47.1 million above the current FY/04 legal appropriation level. Expenditure expansions are sorted and presented by category: technical adjustments, adopted issue papers, compensation, public safety quarter cent tax programs, and CIP coming-on-line.

**Technical Adjustments.** The incremental cost of technical adjustments made in the proposed budget account for an increase in cost of \$3.3 million. Major elements contained in technical adjustments are listed below:

Technical Adjustments	
<b>Total Technical Adjustments (\$000)</b>	<b>3,316.6</b>
Employee Benefits (Health and Dental Insurance)	4,200.0
GF Risk and Workers' Comp.	2,200.0
Early Retirement (CS)	565.0
GF Debt Service & Lodgers Tax Transfer	802.0
Transfer to Operating Grants	(505.0)
Restore Storm Drainage Transfer (PW)	3,827.0
Subsidized Transfer to Gas Tax Road Fund (PW)	171.0
Fire PERA full year (FR)	700.0
Fund 730 (Computer Replacement)	2,000.0
Duplicate 1/4 Cent Issues (F&CS)	(1,900.0)
Transfer to Transit Operating Fund	(111.0)
City Elections	(302.0)
Salary Savings and Other Adjustments	(4,411.0)
Eliminate Convention Center Department	(3,440.0)
One Day Salary Accrual and Other Adjustments	(479.4)

**Adopted Issue Papers.** Adopted issue papers were selected from more than \$30.4 million in requests made by departments. The \$17.3 million in requests included in the proposed budgets represents 57% of all requests. The list below identifies the issues and department funded as well as the total amount of the funding provided:

<b>Adopted Issue Papers</b>	
<b>Total Adopted Issue Papers (\$1,000)</b>	<b>17,270.5</b>
Unification Election (CAO)	250.0
Tricentennial (CSD -- from IRB Settlement Reserve)	700.0
Music Festival (CSD)	261.7
Taylor Ranch Library 44 to 56 hrs/wk (CSD)	253.1
Spanish Exhibition at Museum (CSD)	127.0
Decrease Euthanasia/ Increase Adoption/Staffing (EHD)	900.0
Household Hazardous Waste (EHD)	91.0
Convention Center Management Contract (DFAS)	2,041.1
Fiscal Agent Fees (DFAS)	133.0
Safe Cities Strike Force (Legal)	163.5
Increase Staffing to Reduce Overtime (MDC)	344.1
Urban Forest (PR)	143.7
Sports Official Pay Increase (PR)	71.1
Swimming Pool Needs (PR)	129.0
Serve More Baseball Teams w/Sportsplex Closing (PR)	50.0
Litter/Proactive Code Enforcement (Planning)	445.3
Attrition cadet classes (APD)	496.9
Reduce PSAs (APD)	(288.4)
Increase Communication Staff (APD)	80.0
Pedestrian Street Lighting (PW)	100.0
Litter/Street Sweeping (PW)	259.8
KIVA Permitting Software (PW)	75.0
Shop Equipment (PW - Fleet Maintenance.)	85.0
Rapid Bus (44,578 Hrs. -- Transit)	1,834.4
Rapid Bus Support (26,280 Hrs --Transit)	645.0
APD/Open Space Compensation Increase (APD & PW)	2,167.8
Fire Union Compensation Increase (FR)	1,255.0
All Other Union Compensation Increase (All)	3,985.5
APS Title 1 Homeless Student Funding (F&CS)	66.0
Museum Security (DMD)	86.1
Security Officers (1st & Gold) (DMD)	98.3
Other Issue Papers (less than \$100K)	220.4

**Compensation.** Compensation increases in the FY/05 proposed budget appear in two funding categories: technical adjustments and issue papers. Technical adjustments include \$4.2 million for the increased cost of employee health and dental insurance. In FY/04 the City increased the share of health and dental cost it would pay for employees from 80% to 83%. This year, the City will continue to pay 83%. The cost increase is the result of a 11.4% increase in the cost of insurance coverage, which translates to the equivalent of a 1.75% employee compensation increase. Adopted issue papers include recurring pay increases for all permanent City employees. The increased compensation is outlined in the table below.

Police Officers in APD (including cadets), and Open Space are budgeted for a total increase of 5.65% in base compensation and insurance benefit coverage cost. A two-year compensation agreement is expected, rising to a total increase of 6.55% in FY/06. Insurance cost increases are equivalent to 1.75% of salary, assuming the City continues to cover 83% of the cost and similar insurance cost increases are seen next year. Firefighters are budgeted for a total increase of 4.95% in FY/05 and an identical amount in FY/06. All other employees are budgeted for a total increase of 4.5% in both fiscal years. Health insurance costs are assumed to continue to increase at 11.4% per year in FY/06. The budget provides resources to cover the increases detailed in the table above. The actual compensation packages negotiated and approved may differ from the assumptions used to cost the packages.

The total General Fund cost of the compensation proposal, including absorbing 83% of the cost of employee health and dental insurance is \$11.6 million in FY/05 and \$12.1 million in FY/06. The data presented on compensation relates to permanent General Fund and General Fund subsidized positions only. Once a compensation proposal is accepted, budgets for other funds will need to be amended to incorporate raises.

GENERAL FUND						
Incremental Cost of Compensation - FY/05-FY/06						
CALCULATED AS COLAs -- Differential Rates, 2 Yr Contract						
Percentage Increases	FY/05			FY/06		
	Base Comp.	Insurance	Total	Base Comp.	Insurance	Total
APD, Open Sp & Aviation Sworn	3.90%	1.75%	5.65%	4.80%	1.75%	6.55%
Fire Sworn	3.20%	1.75%	4.95%	3.20%	1.75%	4.95%
All Other Series	2.75%	1.75%	4.50%	2.75%	1.75%	4.50%
General Fund Impact	FY/05			FY/06		
	%	Effective Date	\$	%	Effective Date	\$
APD and Open Space Sworn	3.90%	07/01/04	2,167,817	4.80%	07/01/05	2,668,082
Fire Sworn	3.20%	07/01/04	1,254,979	3.20%	07/01/05	1,254,979
All Other Series	2.75%	07/01/04	3,985,491	2.75%	07/01/05	3,985,491
Absorb Insurance Cost	1.75%		4,195,277	1.75%		4,195,277
<b>Total Cost</b>			<b>11,603,564</b>			<b>12,103,830</b>

**Public Safety Quarter Cent Tax Programs.** In October 2003, voters approved the Public Safety Quarter Cent Gross Receipts Tax. The legislation specified that 34% of the tax was to be used for APD projects, 6% for corrections and detention, 34% for emergency preparedness/AFD, and 26% for crime prevention and intervention. A spreadsheet which moved with the legislation estimated FY/05 spending to total \$26 million. The proposed FY/05 budget exceeds that amount by \$49 thousand. The list below details the General Fund appropriations totaling \$24.5 million, and the \$1.5 million reserve for future corrections and detention related centralized processing appropriations. Plans for centralized processing must be developed and approved by the Albuquerque Bernalillo County Government Commission.

<b>Public Safety Quarter Cent Tax Appropriations</b>	
<b>Total Quarter Cent Appropriations (\$000)</b>	<b>24,549.4</b>
Heavy Tech Rescue - 15 Cadets to 6 mo Firefighters (FR)	737.8
Station 21 - Engine - 15 Cadets to 6 mo Firefighters (FR)	745.3
Station 21 - Ladder - 15 Cadets to 6 mo Firefighters (FR)	751.4
Land Acquisition - Station 5 (FR)	100.0
Landscaping - Station 21 (FR)	100.0
Fire Academy Renovation (FR)	400.0
3 Engines, 1 Ladder, 1 Rescue, 21 Sedans, 1 Command Veh, 3 pickups (FR)	2,707.0
Purchase Various Equipment (FR)	1,292.5
6-New Firefighters for Communication and Quality Assurance (FR)	484.9
4-New Firefighters for Training (FR)	359.2
3-New Firefighters for Field Op Center, CIP, Risk Safety (FR)	281.7
2-New Firefighters for Wildland Investigations and Logistics (FR)	188.8
Timekeeper for Time Management Control & Contract for RMS (FR)	71.4
Expansion Cadet Class - 45 Officers (APD)	3,847.5
Replacement of 85 Patrol Vehicles (APD)	3,570.0
Replacement of 39 non-Patrol Vehicles (APD)	1,521.0
Shooting Range Facility Upgrade (APD)	190.9
Law Enforcement Equipment (APD)	500.0
Provide Mental Health Services (F&CS)	1,860.0
Provide Substance Abuse Services (F&CS)	2,440.0
Family Violence Prevention & Intervention (F&CS)	500.0
Gang Intervention (F&CS)	1,200.0
Partner with Public Ed (F&CS)	700.0
<b>Quarter Cent Centralized Processing (Reserved)</b>	<b>1,500.0</b>

**CIP Coming-On-Line.** In the Five-Year Forecast OMB staff estimated CIP coming-on-line would require \$15.5 million. Departments requested \$10.3 million for CIP coming-on-line in FY/05. The proposed budget funds \$7.85 million of these requests. Some of the requests were reduced as more realistic opening dates were assumed. Other requests were eliminated when departments discovered they were able to meet some non-recurring need by using FY/04 available funds. Funded requests are detailed below:

<b>CIP Coming-On-Line</b>	
<b>Total CIP Coming-On-Line (\$000)</b>	<b>7,847.7</b>
Balloon Museum (CSD)	996.5
Museum Expansion (CSD)	347.3
Erna Ferguson (CSD)	497.3
Citizen Services Operating Staff (DFAS)	1,908.0
Animals of Africa (CSD)	998.2
Period Farm (CSD)	193.7
Taylor Ranch Community Center. (F&CS)	544.3
East San Jose Community Center (F&CS)	95.6
La Mesa Child Dev. Center (F&CS)	179.2
Manzano Mesa Child Development Center (F&CS)	298.3
Westside Sobering Services (F&CS)	69.2
Open Space Projects (PR)	686.0
Parks (PR)	503.0
Westside Transit Facility (TD)	384.6
Others (less than \$100K each)	146.4



## Changes in Employment

The proposed budget increases staffing for the funds appropriated in the proposed General Fund budget by 5.81%. Details of the expansion by department are discussed in the Departments Budgets section of this volume, and the schedule of Personnel Complement by Program is contained in the Appendix. Generally there are three major areas that explain the increase in staffing. Public safety quarter cent tax funded programs in Police, Fire and Family account for 84 new positions. CIP coming-on-line in Finance, Cultural, Family, Transit, and the Parks and Recreation departments account for another 100 positions. Two large new initiatives, bus rapid transit service and animal care centers add another 95.

<b>Changes in Employment</b>								
	Actual FY/01	Actual FY/02	Original Budget FY/03	Original Budget FY/04	Revised Budget FY/04	Proposed Budget FY/05	# Change Revised FY/04 Proposed FY/05	% Change Revised FY/04 Proposed FY/05
General Fund	3,751	3,758	3,641	3,680	3,683	3,879	196	5.32%
Enterprise Funds	521	457	441	407	408	497	89	21.81%
Other Funds	768	767	742	709	709	732	23	3.24%
Grant Funds	367	404	331	329	332	322	-10	-3.01%
<b>TOTAL</b>	<b>5,407</b>	<b>5,386</b>	<b>5,155</b>	<b>5,125</b>	<b>5,132</b>	<b>5,430</b>	<b>298</b>	<b>5.81%</b>

## Spending by Department

The General Fund proposed budget can be examined by department. Comparing the original budget for FY/04 with the proposed for FY/05 reveals reorganizations and the impact of the quarter cent public safety tax. Department reorganizations include the elimination of the Convention Center with the new contract for management being placed in the Department of Finance and Administrative Services (DFAS). During FY/04 City facility maintenance and security operations were moved to the newly created Municipal Development Department. The Fire, Police and Family and Community Services Department budgets not only grew in total appropriation, but also grew as a percent of total General Fund dollars appropriated between FY/04 and FY/05, primarily as a result of the quarter cent public safety tax. The share of total funding going to Cultural Services grew as a result of the size and number of facilities and exhibits coming-on-line. Details can be found in the Department Budgets section of this volume.

General Fund Spending by Department						
Expenditures by Department (\$000)	Original Budget FY/04	Proposed Budget FY/05	Change	%	% Share	
					FY/04	FY/05
Chief Administrative Office	5,056	5,361	305	6.0%	1.4%	1.3%
City Support	14,829	16,555	1,726	11.6%	4.2%	4.1%
Convention Center	3,440		(3,440)	-100.0%	1.0%	0.0%
Council Services	1,556	1,691	135	8.7%	0.4%	0.4%
Cultural Services	25,007	30,079	5,072	20.3%	7.1%	7.4%
Environmental Health	7,086	8,277	1,191	16.8%	2.0%	2.0%
Family and Community Services	24,056	30,540	6,484	27.0%	6.9%	7.6%
Finance and Administrative Services	25,323	17,387	(7,936)	-31.3%	7.2%	4.3%
Fire	47,620	58,257	10,637	22.3%	13.6%	14.4%
Human Resources	2,236	2,171	(65)	-2.9%	0.6%	0.5%
Legal	6,042	6,247	205	3.4%	1.7%	1.5%
Mayor	524	628	104	19.8%	0.1%	0.2%
Metropolitan Detention Center	19,981	21,584	1,603	8.0%	5.7%	5.3%
Municipal Development		17,809	17,809	-	0.0%	4.4%
Office of Internal Audit	773	862	89	11.5%	0.2%	0.2%
Parks and Recreation	19,647	21,559	1,912	9.7%	5.6%	5.3%
Planning	11,681	12,352	671	5.7%	3.3%	3.1%
Police	92,932	108,504	15,572	16.8%	26.5%	26.9%
Public Works	21,127	23,611	2,484	11.8%	6.0%	5.8%
Senior Affairs	4,374	4,502	128	2.9%	1.2%	1.1%
Transit (Operating Subsidy)	17,516	15,814	(1,702)	-9.7%	5.0%	3.9%
<b>Total</b>	<b>350,806</b>	<b>403,790</b>	<b>52,984</b>	<b>15.1%</b>	<b>100.0%</b>	<b>100.0%</b>

## Reserves

The General Fund is required to maintain an operating reserve equal to one-twelfth of the total appropriation level as a matter of City policy. This standard is more conservative than the State's standard as it includes transfers and non-recurring appropriations, but does not include other reserves. The proposed budget contains \$42 million in reserves

<b>General Fund Reserves</b>	
<b>Total Reserves (\$000)</b>	<b>41,719</b>
1/12th Operating Reserve	33,649
Quarter Cent -- Centralized Processing	1,500
IRB Settlement	1,546
Pending Legislation (R-04057)	700
Additional Nuisance Abatement Properties	275
Adjusting FY/04 Appropriations	262
FY/04 2nd Quarter Estimated Reversions	3,787

The operating reserve is set at \$33.6 million in accordance with City policy. The \$1.5 million from Public Safety Quarter Cent Tax revenues is reserved pending a plan for centralized processing of arrestees, which must be developed in cooperation with the Albuquerque Bernalillo County Government Commission. The \$1.5 million IRB settlement reserve was established in FY/04 when a large manufacturer closed an IRB financed facility and was required to remit a "clawback" to the City. The City recovered \$14.8 million and distributed \$12.6 million to other taxing entities including the state, county, school district, university hospital, ABEC and others. \$700 thousand of the IRB settlement reserve is appropriated for the Tricentennial celebration as it is a major tourism and economic development opportunity for Albuquerque. \$975 thousand is left unappropriated to acquire two major nuisance properties that are expected to be available for purchase in FY/04. R-04-57 funds \$700 thousand of the acquisition cost of a nuisance abatement property and is pending Council action. If feasible, separate appropriating legislation for a \$275 thousand acquisition will be submitted for Council approval this fiscal year.

Finally, \$3.8 million in estimated reversions is not appropriated as a matter of prudence. After the close of FY/04 when reversions are realized, the Mayor and Council can safely appropriate this balance. The total amount of reversions anticipated at the second quarter FY/04 estimate was \$5.1 million. However, the proposed budget contains \$262 thousand in FY/04 appropriations: \$20 thousand for supplies purchased to contain the West Nile virus; \$52 thousand to fully appropriate the funds transferred from the Refuse Disposal Fund for household hazardous waste collection and treatment; \$100 thousand for expenditures made to fight the Bosque fires; and \$90 thousand for the unexpectedly high cost of the unification election. Additionally, \$334 thousand was appropriated in November to comply with MDC funding as outlined in the MOU signed by the City and the County in FY/04. Lastly, \$700 thousand is set aside for pending legislation (R-04-57).

## GENERAL FUND REVENUE ESTIMATES FOR FY/05

General Fund revenues for FY/05 are expected to increase 8.7% to \$393 million with \$2.7 million in non-recurring receipts. This represents an increase of \$31.6 million above the current estimate of FY/04 revenues. The increase largely is due to the new Public Safety Quarter Cent Gross Receipts tax (GRT) that accounts for \$27.6 million. Total GRT revenues increase by \$32.8 million or an increase of 13.2%. Not including the quarter cent, the growth rate for GRT is much lower at only 2.1%. The growth rate is low in part due to large one-time revenues in FY/04. The recurring portion of GRT grows at 3.4%.

Local taxes other than gross receipts are about \$1.1 million above the estimated FY/04 revenues. Property tax revenues are expected to increase by 3% or \$730 thousand, due to growth and increased valuation as allowed under yield control. Recurring franchise tax revenues should be up \$225 thousand. This accounts for a moderate growth in the franchises. Franchise revenue is somewhat limited by continued weakness in the telecommunications industry and some relief from the current very high natural gas prices. Payments in lieu of taxes (PILOT) are expected to increase about \$195 thousand from growth in enterprise funds. This growth is limited by the creation of the Albuquerque-Bernalillo Water Utility Authority and changes in how PILOT is calculated. For FY/05 the Authority is expected to pay a 4% franchise fee that will account for the Authority's PILOT.

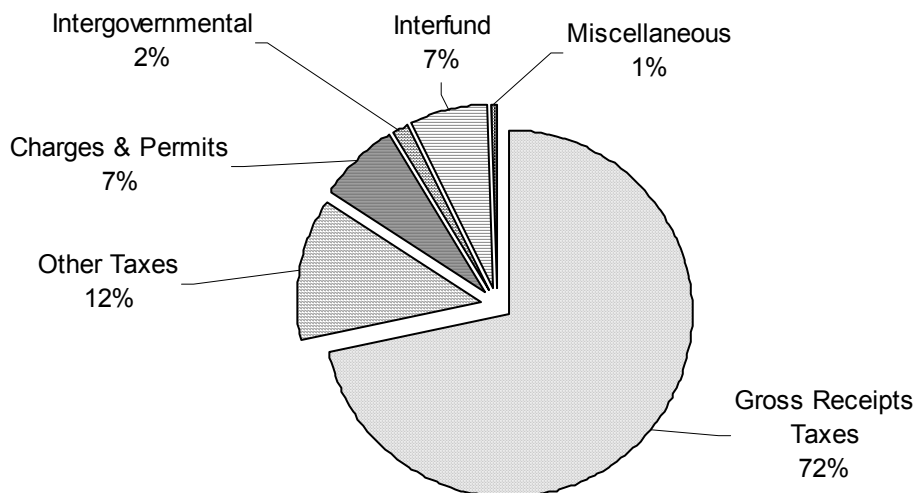
Intergovernmental assistance other than State-shared gross receipts tax revenues increases by

\$254 thousand with expectation of a full year of revenue for the state shared corrections fees. Other shared revenues for gasoline and tobacco are expected to remain flat.

Charges for services show a decline of \$767 thousand. This is brought about by the loss in revenues of \$1.4 million as the Convention Center management is contracted out and revenues are not directly accounted for in the budget. Increases that partially offset this decline are increased attendance at the Zoo with the opening of the Animals of Africa exhibit and in sports fees for adult softball and baseball as the closing of the Sportplex will increase demand for City league play

Charges for internal services remain flat as the City has reduced its direct provision of office services, building alterations, and surveying and engineering inspections to lower levels that will be maintained by staff. Indirect overhead decreases by \$207 thousand as there is a \$180 thousand decrease due to the creation of the Water Utility Authority and limitations on what services the City can charge to the Authority. Revenue for CIP funded positions increases by \$527 thousand. The increases are for projects including the Tingley Beach renovation, the utility billing system and the 311 system. Interfund transfers are expected to decline by \$93 thousand. Changes include a decrease of \$115 thousand due to the Water Utility Authority's decision to phase out the funding of environmental service personnel involved in monitoring water pollution, and \$133 thousand transfer from Lodger's tax to fund the tourism strategy.

**FY/05 GENERAL FUND SOURCES OF REVENUE**



**SIGNIFICANT REVENUE CHANGES FOR FY/05**  
Dollars in Thousands

**GROSS RECEIPTS TAX**

❖ Growth from FY/04 estimate	\$ 5,213
❖ Growth from imposition of public safety tax	\$27,600

**LOCAL TAXES**

❖ Increase in franchise revenues	\$174
❖ Property tax growth	\$730
❖ PILOT growth	\$195

**PERMITS AND LICENSES**

❖ Building permits fees expected to decline by 5%	(\$440)
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**CHARGES FOR SERVICES**

❖ Reclassification of revenues for private operation of Convention Center	(\$1,411)
❖ Increased attendance for the new Animals of Africa exhibit	\$283
❖ Added payment for library services by county	\$217
❖ Legal fees	\$109
❖ Increases in league play due to closure of Sportsplex	\$158
❖ Decrease in museum revenues from one-time exhibit	(\$111)

**CIP FUNDED POSITIONS**

❖ Information services projects	\$513
❖ Public Works street programs, due to defeat of G.O bond election	(\$449)
❖ Quarter Cent transportation	(\$98)
❖ Bio Park CIP	\$355
❖ Special Cultural Projects	\$388

**INTERFUND TRANSFERS**

❖ Water Utility Authority funding of Environmental Services Positions	(\$115)
❖ Funding of tourism strategy	\$133

**FY/04 REVENUE CHANGES**

Revenues for FY/04 are estimated at \$361.5 million, up \$11.9 million from the approved FY/04 budget. The biggest change was increasing GRT revenue by \$9.2 million in the Five-Year Forecast. \$4 million of the revenue is expected to be one-time from enhanced compliance efforts by the State. The economy has seemingly recovered from the declines in FY/02, though as with the national economy, employment growth has been limited. Other strengths are from franchises which were adjusted upward \$946 thousand from the original budget. The primary source of this revenue is natural gas where continued high gas prices have pushed up franchise revenues. Cable franchise revenues also

have been strong, with continued growth in the number of customers and higher rates charged to consumers. Building permits continued to be strong and revenues were adjusted up \$1.8 million, to the actual amount received in FY/03. Charges for services were reduced by \$767 million from the approved budget primarily due to contracting the management of the Convention Center. In total, charges for service remain at the same level as in FY/03. Indirect overhead was reduced from the approved budget by \$395 thousand due to changes in capital indirect. Finally, miscellaneous revenues increase due to the \$2.2 million IRB settlement.